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**FISCAL IMPACT STATEMENT**

**LS 6234**

**BILL NUMBER:** HB 1033

**NOTE PREPARED:** Apr 29, 2009

**BILL AMENDED:** Apr 29, 2009

**SUBJECT:** Renewable Energy and Energy Savings Contracts.

**FIRST AUTHOR:** Rep. Grubb

**FIRST SPONSOR:** Sen. Stutzman

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** X  
X

**GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Renewable Energy:* This bill requires the State Utility Forecasting Group, in formulating suggestions concerning renewable energy resources for inclusion in its annual report, to evaluate potential renewable energy generation opportunities from biomass and algae production systems. It requires the Department of Agriculture, in its administration of economic development efforts for agriculture, to facilitate the use of biomass and algae production systems to generate renewable energy.

*Guaranteed Energy Cost Saving Contracts:* This bill provides that the maximum term of a guaranteed energy cost savings contract or utility efficiency program is 20 years. (Current law provides for maximum terms of 10 and 15 years, respectively.)

*Design-Build Contracts:* The bill amends the statute governing local public works projects to provide that a political subdivision or its agencies may: (1) participate in a utility efficiency program; (2) enter into a guaranteed savings contract; and (3) enter into a design-build contract instead of awarding a public works contract.

*Conservation Measure:* This bill provides that the term "conservation measure" includes the installation of insulation in a political subdivision's facility. (Under current law, installing insulation is a "conservation measure" only if the insulation is installed in a school facility.)

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Department of Agriculture:* This bill will increase the administrative costs of the Department of Agriculture. The amount of the increase is indeterminable and will ultimately depend on the administrative decisions made in facilitating the use of biomass and algae production systems

to generate renewable energy.

*Guaranteed Energy Cost Saving Contracts:* The bill would allow the state to fund larger energy savings projects through the use of an energy savings contract. Currently, an energy savings contract must include a guarantee from the provider that the energy cost savings and or operational cost savings from the project will meet or exceed the cost of the project not later than 10 years from the date the installation is completed. The projects could be about two times the size of current projects.

### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Guaranteed Energy Cost Saving Contracts:* The bill would allow local units to fund larger energy savings projects through the use of an energy savings contract or participate in a utility efficiency program. Currently, an energy savings contract must include a guarantee from the provider that the energy cost savings and or operational cost savings from the project will meet or exceed the cost of the project not later than 15 years from the date the installation is completed. The energy savings projects or energy contracts relating to the alteration of water or wastewater could be about 1 1/3 times the size of current projects, and other efficiency programs could be about 2 times the size of current programs.

*Design-Build Contracts:* The bill could reduce local government public work project costs if the design-build contract was cheaper than a traditional public works project. The savings would depend on the project.

*Conservation Measure:* The impact of allowing local governments to participate in utility efficiency programs or enter into guaranteed savings contracts could also reduce locals' costs. Energy savings contracts are paid from the reduction in energy costs resulting from the project.

### **Explanation of Local Revenues:**

**State Agencies Affected:** Department of Agriculture; State Utility Forecasting Group; All.

**Local Agencies Affected:** All.

### **Information Sources:**

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